BUDGET

1999 - 2000

SPEECH OF

CHIEF MINISTER

Thiru M. KARUNANIDHI

Panguni 3, Thiruvalluvar Aandu 2030

17th March 1999

Speech of Thiru M. Karunanidhi, Chief Minister, Government of Tamilnadu, presenting the Budget for 1999-2000 to the Legislative Assembly on 17th March 1999.

Honourable Speaker Sir,

I present the Revised Estimates for 1998-99 and the Budget Estimates for 1999-2000 with the pledge that the D.M.K Government would untiringly continue to follow the path of Anna and strive for the establishment of true federalism by devolution of the powers concentrated at the Centre to the States, for the emergence of State autonomy, for all the national languages to obtain the status of official languages of the Union and for Tamil language to get this status in the first instance, for vesting with the respective States the authority to decide on the policy of reservation in consonance with the ideals of social justice of the Dravidian movement, for the progress of the poor, the downtrodden and the middle classes, for the protection of the minorities and for safeguarding social unity blended with communal harmony and humanism.

ECONOMIC DEVELOPMENT

2. Tamilnadu's economy in 1998-99, can be said to be in its growth phase as compared to 1997-98. The Gross State Domestic Product at 1993-94 prices is expected to register a growth of 6.78 percent this year as against a growth of 6.31 percent last year. The population below the poverty line in the rural areas has decreased from 32.48 percent in 1993-94 to 24.72 percent in 1997-98 and in the urban areas from 39.77 percent to 32.70 percent. The overall poverty ratio in Tamilnadu has declined from 35.03 percent to 27.58 percent.

CENTRE STATE FINANCIAL RELATIONS

3. It is regrettable that the Constitutional amendment Bill introduced in the Parliament for the devolution of 29 percent of the gross tax revenues of the Central Government to the States with effect from 1.4.1996, as announced by the United Front Government in 1997, is yet to be passed and that financial assistance to meet a part of the additional expenditure to the States arising from the implementation of Pay Commission recommendations has also not been given so far.

4. Additional duty and surcharge have been imposed in this year's Central Budget for increasing the revenue from Central Excise duty and Income tax. I urge the Central Government to share the additional revenue of about Rs.3,000 crores generated from these imposts with the States.

5. As the Central Government has modified the basis of allocation of funds for poverty alleviation programmes this year, Tamilnadu which has reduced its level of poverty by effective implementation of development schemes, finds its share reduced from 7.062 percent to 4.987 percent. I had brought this paradox to the notice of the Union Planning Commission and the Central Government and had emphasised that allocation of funds should not be reduced. It has been decided in the recently held meeting of the National Development Council to constitute an Expert Committee to examine this fully. Until a decision is taken, I have requested the Central Government to continue the financial allocation on the earlier basis.

LOCAL BODIES

6. This Government conducted the elections to local bodies as promised, in order to ensure widespread presence of people's elected representatives for solving their day to day problems and for the welfare of their villages. Tamilnadu was among the first few States to devolve 8 percent of its total tax revenue to the local bodies. By this, the local bodies received

Rs.685 crores in the year 1997-98 and Rs.762 crores in this financial year. While this will be increased to Rs.845 crores in the next financial year, Rs.80 crores will be provided as 90 percent share of the Entertainment Tax and Rs.101 crores will be allocated based on the Tenth Finance Commission grants for taking up capital works. From the State funds, Rs.25 crores will be allocated for Municipal Corporations, Rs. 10 crores for Municipalities and Rs.25 crores for Town Panchayats for creating infrastructure facilities and Rs.50 Crores will be allocated for the new Golden Jubilee Scheme for improving drinking water facilities in urban areas with growing populations.

7. Totally Rs.2,023 crores have been allocated to the **local bodies by way of various grants from the State Government, share in tax revenue and allocations for schemes implemented by local bodies. This amounts to 19 percent of the tax revenue of our State.**

8. In addition, a provision of Rs.105 crores has been made under the proposed Tamilnadu Urban Development Project awaiting approval of the World Bank, for administrative improvements in local bodies, computerisation, etc.

9. **The recommendations of the Committee, with the Minister for Local Administration as the convenor, to consider the transfer of more powers to the local bodies, will be examined and the decisions of the Government thereon will be announced in this session itself at the time of moving the demand for grants of the Local Administration Department.**

ADMINISTRATIVE REFORMS

10. This Government, having assumed power with a vow to traverse the path of justice that lets no wrongdoer escape, had appointed a **High Level Committee on administrative reforms headed by Justice Thiru Ramanujam for ensuring an honest and efficient administration and for preventing corruption. The**

decisions of the Government on the recommendations of this committee will be placed in the Assembly in the current session.

11. The President's assent for the bill on the Transparency in Tenders passed in this Assembly last year has been received recently. The Act will be implemented soon.

12. **Sanction has been accorded for the construction of District Collectors' Office Complexes for the districts of Tiruvarur, Thiruvannamalai, Nagapattinam, Karur, Namakkal, Theni and Tiruvallur at a cost of Rs.38.54 crores.**

13. It has been decided to computerise the land records in all the taluks in the State and necessary infrastructure for this purpose has been created so far in 35 taluks in 7 districts. Computerisation of land records in all the districts will be completed by the end of next year.

14. We have already made available to the people 80 different application forms in the Internet website created by the Government. **All Government application forms will be available on the Internet in Tamil and English within a year. The 'Citizen's Charters' of the various departments of the Government can be accessed through the Internet.**

15. **On completion of school education, community certificate, income certificate and nativity certificate are required for pursuing higher studies and for getting employment. Completed applications for these certificates will be obtained from the students even as they study in classes X or XII and sent to the Tahsildar with the attestation of the Headmaster. Certificates will be prepared and despatched to the schools after enquiries by the Tahsildars. These certificates will be handed over to the students on completion of studies along with the Transfer Certificates at a special function. Due to this new arrangement, students need not wait in taluk offices for obtaining these certificates.**

RURAL DEVELOPMENT AND EMPLOYMENT

16. Under the "Anna Marumalarchi Thittam", named after the beloved leader who proclaimed that the wheels of his Government would revolve only around the lives of the poor, the downtrodden, the middle class and the common man 25,171 works for providing roads, drinking water, school buildings etc., have been taken up in the current financial year in 212 village panchayats at a cost of Rs.182 crores. A sum of Rs.75 crores has been allocated for this scheme for the next financial year.

17. Tremendous public support has been received for "Namakku Naame Thittam", another new scheme of this Government. Under this scheme, 4,231 works for a value of Rs.24.19 crores have been taken up in this financial year for fulfilling the needs of the villages. For the next financial year, as a first phase Rs.10 crores has been allocated for this scheme.

***18.* "Namakku Naame Thittam", the scheme which encourages the sense of self help among people in fulfilling their needs themselves, will from the next year be implemented in urban areas also.**

***19.* Under the MLA Constituency Development Scheme, 6,389 works such as roads, bridges, school buildings have been taken up in this financial year at a cost of Rs.82.25 crores at the rate of Rs.35 lakhs per constituency. In the next financial year, the allocation for this scheme will be Rs.50 lakhs per Assembly constituency.**

20. Under the Jawahar Velai Vaippu Thittam, 43,533 Panchayat works including black topping of 1,420 kilometre length of roads, construction of fair price shops, noon meal centres, school buildings etc., have been taken up in the current financial year. A provision of Rs.48.90 crores has been made in the next financial year towards State Government's share for this scheme.

21. The unit cost for concrete roofs under the programme for construction of free concrete group houses has been increased from Rs.7,000 to Rs.12,000 per house in this financial year and Rs.32,000 is being spent on each house. In the next financial year, a sum of Rs.19.2 crores has been allocated towards State Government's share for this scheme. In addition to this, an allocation of Rs.55.51 crores is being made to meet the entire expenditure for providing concrete roofs and 46,000 houses will be constructed.

22. Under the Employment Assurance Scheme, black topping of 3,519 kms of roads, construction of 1,449 school buildings, 2,992 other building works, 2,834 minor irrigation works and 8,521 water harvesting works have been taken up during the current financial year. An allocation of Rs.47.6 crores has been made as State Government's share for this scheme in the next financial year.

23. In the last financial year, 20,000 streetlights have been provided in villages without streetlights. In addition, Government has allocated a sum of Rs.12.6 crores in the current financial year for providing 25,714 street lights in such villages.

24. **Makkal Nala Paniyalargal are presently being paid Rs.500 per month as honorarium. Considering their good work in explaining various schemes of the Government to the people and enabling them to derive the full benefits from such schemes, their monthly honorarium is being raised to Rs.750 so as to encourage them further to function with more zeal. They will also be paid a travelling allowance of Rs.50 per month.**

RURAL WATER SUPPLY

25. This Government, which governs with the thought that for the fertility of the soil and welfare of the people, the kural "the world cannot exist without water", has to be kept in mind, has enhanced the allocation for rural water supply from Rs.330 crores in the current financial year to Rs.450 crores in the next financial year.

The work for full coverage of water supply to 6,300 habitations presently having inadequate water supply will be taken up in the next financial year.

26. The decision of the Government to provide house service connections for drinking water in the rural areas has been welcomed. Therefore, hereafter taking into account the additional requirement for house service connections, rural water supply schemes will be designed to provide 55 litres per person per day.

URBAN DRINKING WATER SUPPLY

***27.* A Special Golden Jubilee Year Programme will be launched for improving drinking water supply in urban areas having insufficient water supply. In the first phase, the programme will be implemented in 10 Municipalities and 25 Town Panchayats during the next financial year with a budgetary allocation of Rs.50 crores and loans of over Rs.100 crores from financial institutions.**

28. Chennai City continues to receive 440 million litres of drinking water. This has been made possible due to the availability of adequate water from the Krishna water scheme. Even as the availability of water has been increased, efforts have been taken to improve its distribution. Overhead reservoirs have been constructed and made operational in two areas, viz. Valluvar Kottam and Tiruvallikeni. Construction of the remaining 10 overhead tanks is progressing rapidly.

29. For the next financial year, an allocation of Rs.105 crores has been made for the Second Chennai Water Supply Project and Rs.75 crores for the Sewerage Renovation Project.

URBAN DEVELOPMENT

30. Tamilnadu is one of the most urbanised States in the country. It is expected that within the next few years, more than half the population of our State would live in the urban areas.

31. In particular, Chennai Metropolitan Area, the capital city of our State, has emerged as one of the important industrial and commercial centres of this country. As a result, it has become necessary to implement many development projects in this metropolis.

32. For the second phase of the Mass Rapid Transit System Project, the State Government has agreed to bear two thirds of the cost of the project apart from making available the required Government lands free of cost. **It has been decided to extend this scheme upto St.Thomas Mount.**

33. Gauge conversion work of the Beach-Tambaram suburban line has also been undertaken with 50% contribution from the State Government. **Under this scheme, level crossings in this section would be replaced by overhead bridges or sub-ways.**

34. Traffic congestion in Chennai will ease considerably on completion of the bypass road from Tambaram to Maduravoyal, mofussil bus terminal at Koyembedu and various mini fly-overs and sub-ways in the city.

35. The Coovam, Adyar river, Buckingham canal and Otteri Nullah would be desilted and improved under the Chennai Flood Relief Project. In order to facilitate implementation of this project, the State Government is taking steps to resettle the slum dwellers living on the banks of these waterways. On completion of these works, the areas adjoining these rivers will be beautified and additional commercial and recreation facilities will be provided for the public. Tenders have been invited for this mega project and the work would commence in a month or two. I seek the cooperation and support of the people for transforming Chennai Metropolis into a clean and beautiful city.

PUBLIC DISTRIBUTION SYSTEM

36. In accordance with the distilled wisdom of the learned that 'people coexist through sharing', this Government has evinced keen interest in the Public Distribution System for ensuring

uninterrupted availability of food grains to the public and to control the price of rice. Therefore, despite an increase in the average cost of procurement of rice for Public Distribution System from Rs.6.70 per kg in the year 1995-96 to Rs.8.08 per kg now, Government has not raised the issue price of rice. Consequently, the food subsidy borne by the Government has increased from Rs.653 crores in 1995-96 to Rs.1,000 crores in 1998-99. At a time when people had not yet recovered from the rising prices of essential commodities, increasing the prices of rice, wheat, sugar, urea and cooking gas by the Central Government is certain to penalise the poor, the middle classes and the farming community. Since increasing the issue price of rice would adversely affect the people and could also result in escalation of its price in the open market, we have decided not to burden the people with the present hike in the price of rice. As a result of this decision, the burden on the State's exchequer will increase by Rs.160 crores.

37. In order to streamline the distribution of kerosene to family cardholders, this Government had introduced an innovative scheme of setting up of kerosene bunks, the first of its kind in the country. These bunks have been helpful in eliminating the endless waiting in long queues and also preventing under measurement of kerosene distributed in fair price shops. **334 retail kerosene bunks have so far been sanctioned, out of which, 121 have started functioning. The rest would start functioning in the next few months.**

AGRICULTURE

38. Farmers, whose livelihood is cultivation and who sustain the others in society, constitute 65 percent of our State's population. By their untiring efforts, food production in the State is expected to increase from 85 lakh tonnes last year to 98 lakh tonnes this year.

39. **About 15 percent of the total land area in Tamilnadu are wastelands. A major project, which will find its place in history, for the development of wastelands covering**

10,000 hectares, will be launched in the next year itself. The future of the poor living in the backward areas of Tamilnadu lies in bringing the wastelands into cultivation. A Wasteland Development Authority will be set up with experts for formulating wasteland development action plans and implementing them.

40. Adopting the legal frame work in the sugar sector under which a system of agreements between sugar mills and cane growers have enabled increasing sugarcane production and a fair price to the farmer for the sugarcane harvested, to the horticulture sector, **a scheme would be launched in the next financial year with the participation of the private and cooperative sector institutions for enabling the farmers to get fair prices for vegetables and fruits produced by them and transporting their produce to urban areas to fetch reasonable prices.**

41. A scheme for setting up of cold storages has been launched at a cost of Rs.40.52 crores to enable the farmers to store their horticultural products in times of surplus and obtain reasonable prices for their produce. In the first phase, this scheme will be implemented in the districts of Chennai, Dindigul and Salem at a cost of Rs.4.7 crores with the assistance of National Cooperative Development Corporation.

42. An allocation of Rs.21 crores for the Agricultural Human Resources Development Project and Rs.6.23 crores for DANIDA assisted Tamilnadu Women in Agriculture Project have been made for the next financial year.

43. **In Thanjavur district, 81,553 farmers have defaulted in repayment of loans obtained from Cooperative Banks. Out of this, 21,898 are big farmers. As announced by me in my reply to the debate on the Governor's address, distraint proceedings will not be initiated by cooperative banks against the remaining 60 thousand or so small and marginal farmers. This will also be applicable to other districts.**

IRRIGATION

44. To ensure that irrigation water is not wasted, this Government has been implementing the Water Resources Consolidation Project to modernise large and medium irrigation schemes to enhance the efficiency of irrigation by improving the canal systems and for the early completion of nine incomplete irrigation projects. 174 works at an estimated cost of Rs.344 crores have been taken up so far under this project. An allocation of Rs.219 crores has been made for this scheme for the next financial year. Farmers' Councils will be formed to obtain the participation of farmers in operation and maintenance of such schemes.

45. Aware of the importance of desilting works for increasing the availability of water for irrigation and for the speedy drainage of flood water, this Government has carried out desilting operations for the past two years at a cost of Rs.58 crores. **Recognising the benefits of this scheme which has been welcomed by the farmers, desilting operations in 472 km of river beds, 1,624 km of drainage channels, 1,816 km of canals and 136 tanks will be undertaken in the next financial year with an allocation of Rs.50 crores.**

46. 53 irrigation schemes are being implemented at a cost of Rs.665 crores. In the next financial year, approval will be given for the Nilaiyur canal project benefiting lands in Madurai, Virudhunagar and Sivagangai districts at an estimated cost of Rs.8.94 crores, the Mirukanda river anicut project in Thiruvannamalai district at a cost of Rs.16.79 crores, the Ullaru dam project in Tirunelveli district at an estimated cost of Rs.23 crores, a scheme for strengthening the Cauvery upper anicut at Mukkombu at an estimated cost of Rs.6 crores, the Mambazhathuraiyar scheme in Kanniyakumari district at an estimated cost of Rs.9.5 crores and the 18th channel scheme in Theni district at an estimated cost of Rs.26.52 crores.

FISHERMEN WELFARE

47. Under the 'Sindanai Sirpi' Ma.Singaravelar Memorial Fishermen Free Housing Scheme, 12,000 houses have been sanctioned till now, of which 7,155 houses have been completed. In the current financial year, the unit cost of houses under this scheme was raised from Rs.32,000 to Rs.37,000. In the next financial year, 4,000 more houses will be constructed at a cost of Rs.14.80 crores.

48. Government has so far sanctioned a sum of Rs.12.75 crores under the Savings and Relief scheme as relief to 1.69 lakh coastal fishermen. This scheme will be continued in the next financial year also. Government has sanctioned a sum of Rs.3 crores towards subsidy for kerosene and diesel for about 20,000 country crafts in order to alleviate the hardship faced by small fishermen due to the increase in fuel prices. This scheme will be continued during next financial year. **A scheme for the development of inland fishermen will be prepared after considering the representations of their associations.**

ANIMAL HUSBANDRY

49. In the past three years, this Government has opened 100 new veterinary dispensaries at a cost of Rs.2.68 crores. 50 veterinary dispensaries have been upgraded as veterinary hospitals. 10 new veterinary dispensaries will be opened in the next financial year.

50. Government decided in April 1998 to increase the procurement price of milk procured from the farmers of cooperative milk societies by Rs.1.50 per litre. This has resulted in an increase in the daily milk procurement from an average 12.36 lakh litres per day in 1997-98 to 15.10 lakh litres per day in the current financial year.

ENVIRONMENT AND FOREST

51. The Government has approved the setting up of 26 common effluent treatment plants to prevent the pollution caused by leather processing industry of which 12 plants have started functioning. Further, the Government has approved the setting up of 22 common effluent treatment plants to prevent the pollution caused by the dyeing industry, of which 5 plants have started functioning. The rest are under construction. Similarly, we have requested the Central Government to provide subsidy for a programme of setting up common effluent treatment plants for preventing the pollution caused by sago-factories.

52. Under the National River Action Plan implemented with Central assistance since 1996-97, works have been undertaken in the towns of Bhavani, Erode, Kumarapalayam, Pallipalayam and Trichy to prevent pollution in the river Cauvery. For this, a sum of Rs.8 crores has been allocated for the next financial year.

53. 200 villages adjoining forest areas are selected under the Tamilnadu Afforestation project every year and in two years afforestation activities have been taken up in 1,50,000 hectares. A provision of Rs.96.73 crores has been made in the next financial year for covering an area of 75,850 hectares with the participation of the local community through joint forest management.

ROADS

54. As early as in 1972, when the DMK Government was in power, efforts were initiated for providing link roads to all villages with a population of more than 1,500. As the next phase, in 1990, the DMK Government undertook the provision of link roads to all villages with a population of more than 1,000. Of the balance 517 villages, link roads were provided for 216 villages in the last financial year. **The remaining 301 villages will be provided with link roads by the end of this financial year. As a result of this, we will achieve the position where there will be no village in Tamilnadu with a population of more than 1,000 without link**

roads. As a next step, 340 villages with population between 500 and 1,000 without link roads will be provided link road facility in the next financial year as a first phase.

55. During the last three years, schemes at an estimated cost of Rs.702 crores for improvement of roads have been taken up with assistance from the Rural Infrastructure Development Fund operated by NABARD. In the next year, a provision of Rs.256 crores has been made for works under this scheme.

56. Construction work on 208 bridges at a cost of Rs.450 crores has been started and is in progress. The work on the Karanodai bridge at a cost of Rs.20 crores, the Karur bridge at Rs.12 crores, Chennai bypass road from Tambaram to Maduravoyal at Rs.43 crores, Madurai bypass road at Rs.36 crores and also Coimbatore bypass road at a cost of Rs.92 crores are in progress and will be completed in the next two years. The work on the improvement of radial roads in Chennai at a cost of Rs.212 crores will commence next month.

57. The allocation for maintenance of roads has been increased from Rs.254 crores in this financial year to Rs.270 crores in the next financial year. The quality of the work of restoration of the flood damaged roads deploying modern machinery has received the appreciation of the public. In view of this, from the next financial year, Rs.100 crores out of the provisions for road maintenance will be earmarked every year for mechanised relaying of roads.

TRANSPORT

58. Tamilnadu State Transport Corporations have received several awards at the national level on the basis of their efficient performance. 7,309 new buses have been purchased in the last three years. By streamlining the purchase procedures in the State Transport Corporations, substantial reduction has been effected in the expenditure. Despite this, the State Transport Corporations will incur a loss of about Rs.400 crores during the current financial year

since the bus fares continue to be the lowest compared to other States. In the next financial year, an allocation of Rs.100 crores has been provided for Government's equity investment in these corporations and Rs.80 crores for reimbursement of free bus passes issued to the students.

59. The mini bus scheme is gaining popularity among the rural population in Tamilnadu. At present, 320 mini buses are plying in the State. This will grow further in the future.

ELECTRICITY

60. In the next financial year, the Plan outlay for Tamilnadu Electricity Board will increase to Rs.1,034 crores.

61. The first private sector power project with a capacity of 196 MW located at Basin Bridge near Chennai, has commenced production in the current year and its inaugural function is slated for the 28th of this month. Further, construction work on the 330 MW power project at Pillaiperumalnallur in Nagapattinam district and the 250 MW power project at Neyveli has already been started. Construction work on the 106 MW project at Samayanallur and 106 MW project at Samalpatti will commence during this month. All these projects are in the private sector.

62. Construction work on the natural gas based 90 MW power project at Kovilkalappal in Nagapattinam district, 60 MW power project at Perungulam in Ramanathapuram district and 60 MW power project at Kutthalam in Thanjavur district will be started in the next financial year by the Tamilnadu Electricity Board. The renovation and modernisation work of the Ennore Thermal Power Station will also commence next year.

63. Tamilnadu is one of the States having low electricity transmission and distribution losses. In the next financial year, the allocation for improving and streamlining the electricity distribution system will be Rs.427 crores.

INDUSTRIES AND EMPLOYMENT

64. This Government has been following an honest and industry friendly approach towards industrial development. A Single Window system has been introduced for granting approvals to the project proposals of entrepreneurs without delay and sector specific policies for fast growing sectors like Information technology have been formulated.

65. In this financial year, automobile majors like Hyundai and Mitsubishi have commenced production in our State. Ford Motors will commence production on the 19 of this month.

66. Acquisition of 15,301 hectares of land is in progress for setting up industrial growth centres and parks needed for starting industries in Tamilnadu. 6,160 hectares of land have been acquired so far. The work on the Export Promotion Industrial Park at Gummidipundi at a cost of Rs.19.90 crores, is nearing completion. The first phase of the work on the Perundurai Growth Centre will be completed before this month end.

67. The recommendations of the expert committee constituted under the chairmanship of Thiru. S.V.S. Raghavan to suggest measures for restructuring the Public Sector Undertakings have been examined and the following decisions have been taken.

***68.* Since the Tamilnadu Corporation for Industrial Infrastructure Development (TACID) and the State Industrial Promotion Corporation of Tamilnadu (SIPCOT) are engaged in similar activities, TACID will be merged with SIPCOT. After such a merger, SIPCOT will look after creation of infrastructure for industrial growth and the term lending operations of SIPCOT will be transferred to Tamilnadu Industrial Investment Corporation (TIIC).**

***69.* The Transport Development Finance Corporation (TDFC) and the Tamilnadu Power Finance Corporation (TNPFC) will be merged to create the Tamilnadu Infrastructure Finance Corporation (TIFC).**

70. **The Industrial Guidance and Export Promotion Bureau (TAMILNADU GUIDANCE BUREAU) will be merged with Tamilnadu Industrial Development Corporation and will function as a division of TIDCO. The other recommendations of the committee are under examination.**

INFORMATION TECHNOLOGY

71. As the world of science and technology has the distinction of seeing yesterday's innovations becoming obsolete today, this Government has decided to utilise to the maximum the contemporary innovation in the Information Technology for the economic and social development of the State.

72. **Government desires that all students passing out of schools should be computer literate. A scheme for offering computer science, based on curriculam designed by experts, as an elective subject in the 11-12 standards in all the 1200 Higher Secondary schools in the State would be introduced in the next academic year. The courses will be conducted by reputed computer training firms who will install the computers in the schools. At an average rate of 40 students per school, this scheme will produce about 48,000 students eligible for employment in the software industry.**

73. Development of software in Tamil language has been impeded due to the absence of internationally accepted coding standard for Tamil. Taking note of this, the Government of Tamilnadu organised an international conference and seminar 'Tamil Net 99' in Chennai on 7th and 8th of February, 1999. In this conference which was organised with the objective of standardising coding of Tamil scripts and Tamil keyboards, 150 international experts from 7 countries participated and have taken consensus decisions.

74. **Tamilnadu Government will create a "Tamil Software Development Fund" to encourage the rapid growth of Tamil software. It has also been planned to set up an**

International Tamil Virtual University for the benefit of Tamils living throughout the world. Due to these efforts, the benefits of Internet and information technology will be available not only to the people of Tamilnadu but also to all the Tamils in the world.

75. **The proposed joint venture with M/s. World Tel from England will not only provide Internet access throughout the State but also create job opportunities for about 1,50,000 persons. Through this, those who do not have computers of their own and people who know only Tamil language can obtain access to Internet facility through the Community Internet Centres located near their homes at reasonable cost, for their various day to day needs.**

76. **Telemedicine facility will be introduced in our State to make available the benefit of modern medical treatment with the advice and guidance of medical experts from far off, through computers. Initially, a taluk hospital will be linked through computers to a medical college hospital. This facility will be extended gradually throughout the State.**

EDUCATION

77. Aware that letters and numbers constitute the two radiant eyes of all living beings, this Government has made an allocation of Rs.4,092 crores for education in the next financial year.

78. This Government has been according high priority to Primary Education with the objective of providing compulsory education for all children till they attain the age of 14 years as envisaged in the Constitution of India. For providing elementary education for all, an "Elementary Education Movement" will be launched from the next financial year. **Campaigns would be launched in the month of May before the reopening of schools for spreading the awareness of the importance of elementary education among the people. With the involvement of local bodies, voluntary organisations, citizens interested in education,**

gram sabhas, teachers, and makkal nala paniyalargal, these campaigns will be organised to achieve full enrolment of all children in schools.

79. I had stated in the last year's budget speech that we will create a situation wherein there will be no habitation in Tamilnadu without an elementary school. Accordingly, 300 elementary schools have been started in the current financial year. By opening the balance elementary schools in the next financial year, we will prove that we do what we say.

80. A healthy mind resides only in a healthy body. Sports develop discipline, team spirit and leadership qualities at a young age itself. Though much smaller in area and population, England has thousands of cricket and football clubs. But here the situation requires Government to intervene effectively to enthuse the students. **I wish to inform that with the objective of encouraging all important games like football, basketball, cricket, kabaddi, hockey and track events, inter high school competitions at the district level and inter district competitions at the State level will be held every year as special events. Sufficient funds will be provided for these competitions. The private sector will be requested to donate the prizes and rolling cups for the successful players and athletes.**

81. Block grants to Universities were last revised in the year 1992. Government has decided to raise these grants from this financial year.

82. As announced in the last budget, 'Single Window System' has been introduced for admissions to Polytechnics.

83. Polytechnics are being upgraded under the World Bank assisted Technician Education Project and for this, Rs.19.7 crores has been allocated for the next financial year.

84. **The Government has reserved 15 percent of the seats in all professional colleges for the rural students. As some urban students studying in schools located in rural habitations**

at the periphery of urban areas also get the benefit of this reservation, thereby reducing the opportunities for rural students, efforts will be made immediately to ensure that the full benefits of this reservation go to the genuine rural students.

85. **Based on the decision taken in the meeting of all party leaders held in 1997, the districts and transport corporations in the State were renamed after replacing the names of leaders. 28 endowments in 15 Universities at the rate of Rs.25 lakhs for each endowment were created in the name of these leaders and Rs.7 crores was sanctioned. Government has modified the basis for sanctioning scholarships from these endowments and has now decided to remove the ceiling on annual income at Rs.44,500 and also that the students belonging to Scheduled Castes, Scheduled Tribes, Backward classes and Most Backward classes will be eligible for these scholarships even if they are recipients of other scholarships. By this, 1,500 eligible and meritorious students from all communities will be benefited every year.**

TAMIL LANGUAGE AND CULTURE

86. The DMK Government that imprinted its stamp of sacrifice in the defense of Tamil language, has issued an order this year for giving fillip and stimulus to the Tamil language. Tamil is being taught as a compulsory subject in all schools in Tamilnadu except in schools for linguistic minorities. Government has taken a policy decision to ensure that all subjects other than English and Tamil are taught in Tamil and more specifically to change the practice of teaching only in English as medium of instruction in nursery schools. The Government has also decided to give recognition in future to only those schools that teach at least two of the three subjects other than English and Tamil viz, Mathematics, Science, Social Studies in Tamil. In addition to having reduced the admission fees by half in fully Tamil medium schools, Government will also provide free textbooks to the students of these schools. Students from unrecognised schools seeking admission in

government recognised schools would be admitted only based on an entrance examinations conducted in these schools.

87. With the objective of starting music schools in each district, 10 music schools have been started in the last two years. **In the next financial year, music schools will be started in five more districts.**

88. **A permanent exhibition on the history of Tamilnadu starting from pre-historic period through the ancient and Sangam age upto the contemporary period would be set up. An expert committee would be constituted for this purpose and on receipt of its recommendations the exhibition on the history of Tamilnadu would be set up through a separate agency.**

89. **The three great doyens of music of the 17th and 18th century from Sirkazhi, Muthu Thandavar, Arunachala Kavirayar, Mari Mutha Pillai enriched Tamil language by their Tamil Keerthanas. A memorial housing their statues would be erected in Sirkazhi. Arrangements would also be made to conduct a grand "Tamilzhisai Vizha" there every year.**

HINDU RELIGIOUS & CHARITABLE ENDOWMENT ADMINISTRATION

90. To ensure that temples do not turn into havens for bandits, temple property registers are being prepared so as to take stock of such properties and to protect them and to take action to realise the revenues due from them to the temples. The number of property registers prepared in the last 70 years was 1,192. In the present regime, the number of property registers prepared in the last three years itself is 1,660. Property registers for the remaining 122 temples will also be prepared very soon.

91. **Since June 1996, 273 acres of land and 253 grounds of house sites belonging to temples were freed from encroachments. Additional income of Rs.6 crores has been received by temples after fixation of fair rent.**

HEALTH AND FAMILY WELFARE

92. An outlay of Rs.1,079 crores has been provided in the next financial year for the Health and Family Welfare department which provides good medical facilities not only for the urban population but also for the weaker sections in the rural areas.

93. During the last three years, Government has sanctioned the construction of new buildings for 652 Primary Health Centres, of which 434 have been completed. 157 more will be completed by this month end. The rest will be constructed in the next financial year.

94. Government has ordered the starting of a Government Medical College at Thoothukkudi. This college is yet to receive the approval of the Medical Council of India. After obtaining the approval, this medical college will begin functioning from the next academic year. Government is also taking steps to start a new medical college at Vellore from the subsequent academic year.

95. I had announced in my last budget speech that, in the first phase 40 Primary Health Centres would be handed over to industrial houses for maintenance. So far, 42 primary health centres have been handed over to industrial houses and are being maintained by them.

96. The D.M.K. Government had conducted free eye camps on a massive scale in Tamilnadu during 1972-73. The subsequent slackness in implementing this scheme has been removed and to ensure that eye care facilities reach the public, opthalamic wings of all district hospitals have been upgraded, opthalamic wings have been established in important taluk hospitals and mobile opthalamic wings have been established in all the 29 districts. Special training in fitting Intra-Ocular Lens will be provided to opthalamic surgeons and **in the next financial year, one lakh persons will be given cataract surgical treatment and fitted with these lenses free of cost.**

VAZHVOLI THITTAM

97. **It is very important to safeguard the health of school children. Certain childhood diseases can affect school education and can develop into serious illnesses later on and also cause handicaps. Therefore, Medical Officers of each Primary Health Centre will visit schools once a week, examine the students and if necessary, take them to the primary health centre for treatment. A State level "Vazhvoli Thittam" for school students will be implemented from the next academic year. This scheme is in operation in Chennai Corporation as a model.**

NUTRITION

98. An allocation of Rs.532 crores has been provided in the next financial year for the Dr. M.G.R. Nutritious Meal Programme. 74.78 lakh children benefit from this scheme. The Government has constituted in each district monitoring committees at district and block levels to monitor the effective implementation of this programme and the scheme introduced by this Government for providing an egg a week. These committees will monitor the functioning of the nutritious meal centres, identify the defects and render advice for their rectification.

WELFARE OF WOMEN

99. Proving that the women are capable of adorning titles and making laws, this Government has allocated a sum of Rs.94.71 crores in the next financial year for women's development. The Government is implementing a number of marriage assistance schemes for poor women, daughters of poor widows, widow remarriages and for intercaste marriages. In the current financial year, allocation for Moovalur Ramamirtham Ammaiyar Ninaivu Thirumana Thittam has been increased to Rs.70 crores. 70,000 brides will be benefited by this. **Keeping in mind the delays caused in obtaining certificates of educational qualification and age and to prevent malpractices in the implementation of this scheme, Government has taken a decision to raise the**

educational qualification for assistance under this scheme to tenth standard. This scheme will be continued in the next financial year also to benefit 70,000 women.

100. The Tamilnadu Women's Development Project will be implemented in the next financial year in all the districts with an allocation of Rs.12 crores.

***101.* The all women fair price shops functioning in Madurai district in 15 places and in a few other districts have been welcomed by the public. The Government will encourage more fair price shops to be run by women in other places also for their better functioning.**

COOPERATIVE LOAN AT LOW INTEREST FOR WOMEN

102. Government has started a new "Savings linked micro credit scheme" from 1.1.1999 for the poor urban women to improve their economic status and to inculcate the habit of savings. They will be given loan at low interest rates through Cooperative Banks. The scheme is targetted to benefit women who eke out their daily livelihood by engaging in small trades. This scheme which was started in Chennai has now been extended to Salem, Tiruchirapalli, Madurai, Coimbatore and Tirunelveli Municipal Corporations and thousands of women are benefiting from this. This scheme will be extended to all urban areas.

ADI-DRAVIDAR AND TRIBAL WELFARE

103. Bound by its pledge to uplift the socio-economic conditions of the people of the lowest stratum of the society, the Government has been increasing the allocation every year for the welfare of Adi-Dravidars and Scheduled Tribes. This will be Rs.509 crores in the next financial year.

104. Through Individual Entrepreneurs Development Schemes, opportunities are being created for the Adi-Dravidars to come up as entrepreneurs in industrial and service sectors. They are

given job-oriented training in fields like computers, typewriting and shorthand, textile design, plastic products etc.

105. The Samathuvapuram scheme, started in the Golden Jubilee year of Independence, is being implemented in all districts. Samathuvapurams will be created in 50 more places in the next financial year with an allocation of Rs.17.50 crores. **Though I am the founder of the Samathuvapuram scheme, this scheme will hereafter be called "Periyar Ninaivu Samathuvapuram Scheme" after my mentor Periyar, who enabled me to record such value based achievements.**

106. There are two training centres at Chennai, one for Adi-Dravidars and Scheduled Tribes and the other for Backward Classes and Most Backward Classes, for imparting training to the candidates appearing for the examinations for All India Services. Merger of these two institutes and their upgradation with improved facilities so as to enhance the standard of training offered and thereby to increase the number of candidates selected from our State is being examined.

WELFARE OF BACKWARD CLASSES & MOST BACKWARD CLASSES

107. It was only the D.M.K. Government that created a separate department with a separate Minister for the welfare of the Backward Classes and the Most Backward Classes to enable them to reap the benefits in full without wastage. A sum of Rs.150 crores has been allocated for this department in the next financial year.

108. The scheme, started last year by this Government for granting house site pattas to Backward Classes, Most Backward Classes and other classes, is being continued with an allocation of Rs.18 crores.

109. Students of Backward Classes, Most Backward Classes and Denotified communities are being given job oriented training. Since the Information Technology industry will provide tremendous job opportunities in the years to come, a scheme for providing

special training to 5,000 candidates from the above communities will be taken up from the next financial year.

COMMITTEES ON APPOINTMENTS IN PUBLIC SERVICES

110. **The two committees on representation of Adi-Dravidars and Scheduled Tribes as well as Backward Classes and Most Backward Classes in Government and Government Undertakings have submitted their reports. They are being examined by a committee consisting of the Ministers and the Secretaries of these departments. The Government will announce its decisions on the basis of the recommendations of this committee.**

WELFARE OF HANDLOOM WEAVERS

111. This Government accords high priority to the handloom industry, the lifeline of the people, next only to agriculture. As announced in the last Budget, the High Level Committee constituted to study the problems faced by handloom weavers had given its recommendations. Honourable members are aware that the Government has accepted the recommendations of the Committee and has been implementing them.

112. **Government has enhanced in the current financial year the insurance amount payable to the legal heirs of handloom weavers who die before attaining the age of 60, from Rs.25,000 to Rs.35,000. This amount will be increased to Rs.40,000 in the next financial year.**

113. A revival package scheme for rehabilitating 18 co-operative spinning mills at a total estimated cost of Rs.185.26 crores is being implemented by this Government.

WORKERS' WELFARE

114. In the last budget speech, I had mentioned that a state level Welfare Board for the unorganised labour would be constituted comprising of representatives of management, labour and the government and that many labour welfare schemes would be implemented in this financial year. I wish to inform that, accordingly, a welfare board has been set up with nine labour representatives, nine management representatives and six government officials. **Group Personal Accident Relief Scheme, Maternity-Benefit scheme and Terminal Benefit scheme have been drawn up for the welfare of unorganised labour. Through these schemes, thousands of labourers in unorganised sector will be benefitted.**

115. In a survey undertaken in 1997, 25,008 persons were identified as bonded labourers. Through measures taken by the Government, so far 4,774 bonded labourers have been released and were given financial assistance for rehabilitation. Necessary action is being taken to release the remaining bonded labourers.

116. Appropriate decision will be taken by the Government on the report of the Kolappan Committee on minimum wages to the agricultural labourers and will be announced in this session.

WELFARE OF JOURNALISTS

117. In the year 1996-97, pension for the journalists was raised from Rs.500 per month to Rs.1,000 per month. **Accepting their demand, it has now been decided to increase the pension further to Rs.1,500 per month. The amount being given to the families of journalists dying in harness will be increased from Rs.25,000 to Rs.40,000.**

SOCIAL SECURITY SCHEMES

118. As announced by this Government in the last budget, the monthly pension to various disadvantaged sections like weavers,

fishermen, landless agricutlural labourers, destitute widows and physically handicapped was enhanced to Rs.150 per month, benefiting 8,43,295 persons. In addition, they are being given midday meals in the noonmeal centres along with half a kilo of rice per week. Those who do not avail of the midday meal get one kilo of rice per week. Free dhoties and sarees are given to them during Deepavali and Pongal.

119. In the current financial year, 77 lakh free sarees and 70 lakh free dhoties at a cost of Rs.100 crores have been distributed during Pongal festival to the families living below the poverty line, the Srilankan Tamils living in refugee camps and the old age pensioners. This scheme will be continued.

***120.* In line with the humanitarian principles adopted by this Government, a Bill will be introduced in this session for abolishing the demeaning practice of manual scavenging. Adequate funds will be earmarked in the next financial year itself for implementing rehabilitation schemes for the thousands of manual scavengers, for providing them employment opportunities and assistance for self employment.**

SOCIAL REFORMS DEPARTMENT

***121.* In the meeting of all party leaders convened to deliberate on the measures to prevent caste clashes, it was suggested that a separate Social Reforms department could be formed in the Government to usher in an era of egalitarianism and social renaissance. A committee of experts in Sociology headed by Professor Sundaram has been constituted to study the establishment of this department. On receipt of the Committee's report, this new department will start functioning at the Secretariat soon.**

ECONOMIC DEVELOPMENTS IN SOUTHERN DISTRICTS

***122.* Based on the recommendations of the Committee headed by former Supreme Court Justice Thiru Mohan, a high**

level committee will be constituted to study and formulate a development plan suggesting measures to be taken for improving the standard of living of the people of the southern districts of Sivagangai, Ramanathapuram, Madurai, Dindigul, Theni, Tirunelveli, Toothukkudi and Virudhunagar as also for education, economic development and creation of opportunities for employment and industrial growth in these districts.

HOUSING

123. In the current financial year, Tamilnadu Housing Board will complete construction of 15,500 dwelling units at an estimated cost of Rs.252 crores. Construction of the new hostel for the Members of the Legislative Assembly at a cost of Rs.44.61 crores will be completed in the next financial year.

124. Since its establishment in 1970 by the DMK Government, the Tamilnadu Slum Clearance Board has so far constructed 66,014 multi-storeyed tenements for the slum dwellers at a cost of Rs.389.48 crores. 3,000 more multi-storeyed tenements are currently under construction. There are 50,025 families living in slums located in unobjectionable areas in the six Municipal Corporations. As announced in the last year's budget speech, housing facilities with asbestos roofing were provided in this financial year for 7,936 families at a cost of Rs.5 crores. **A major scheme has been formulated for providing houses with fireproof asbestos roofing, walls and doors to all the remaining families in those slums in the next two years. Under this scheme, 42,089 families would be provided with such houses at a cost of Rs.52.6 crores in the next two years. After covering the Municipal Corporations, this scheme will be extended to other municipalities in phases.**

125. **In order to take up the work of cleaning and restoration of the waterways in Chennai, Tamilnadu Slum Clearance Board will construct 3,000 multi-storeyed tenements at a cost of Rs.37.5 crores in Okkiyam Thuraipakkam in the first phase for resettling the slum dwellers to be shifted from the**

areas around these waterways. 6,500 tenements presently under construction in Okkiyam Thuraipakkam at a cost of Rs.60 crores will be completed soon. Rs.30 crores has been allocated for this purpose in the next financial year.

126. **Thirty thousand families living in the slum areas of Chennai and other cities will be provided with basic amenities at a cost of Rs.6 crores.**

GOLDEN JUBILEE YEAR OF INDEPENDENCE

127. As announced in the last year's budget speech, this Government, which honours freedom fighters and Tamil Savants irrespective of their political affiliation, has constructed a Martyrs Manimandapam near the Gandhi Mandapam in Guindy at a cost of Rs.30 lakhs in memory of the martyrs in the golden jubilee year of independence. In memory of the freedom fighter, Thiyagi Viswanatha Das a memorial has been built at a cost of Rs.62 lakhs at Thirumangalam in Madurai district.

128. In memory of the great freedom fighter, Poolithevan, a new palace has been built at a cost of Rs.57 lakhs in Tirunelveli District and his statue has been installed in it.

129. A memorial has been built at a cost of Rs.25 lakhs for the former Chief Minister and elder Thiru. M.Bhaktavatchalam, at Chennai.

130. A memorial pillar has been erected at a cost of Rs.3 lakhs at Vellore in memory of the Indian soldiers who laid down their lives during the battle for freedom called the Sepoy Mutiny.

131. Construction of a memorial for the great composer Pattukottai Kalyanasundaram at a cost of Rs.20.50 lakhs is in progress at Pattukottai in Thanjavur district.

132. A memorial is being constructed for the rational poet Udumalai Narayanakavi at Udumalai in Coimbatore District at a cost of Rs.20.50 lakhs.

***133.* To commemorate the 200th anniversary of the execution of Veerapandia Kattabomman, a function will be organised by the Government on 16th October this year at Kayathar in Thoothukkudi district to pay tribute to him.**

***134.* Similarly, a function will be organised by the Government in October 2001 at Tirupatthur in Sivagangai district to commemorate the 200th anniversery of the execution of Marudapandiyars of Sivagangai to pay tribute to them.**

135. As announced in the last budget speech, the construction work for memorial of Dr.Ambedkar, a great constitutional luminary and symbol of hope of the downtrodden, was inaugurated on 23.10.98.

***136.* A memorial with a library will be built in Kundrakudi in memory of Tamil Saint Kundrakudi Adigalar Thavathiru Deivasigamani Arunachala Desigar, who extolled the pride of the Tamils.**

***137.* Statues of the great martyr Sankaralinganar, the freedom fighter who laid down his life, fasting for changing the name of the State to Tamilnadu, and of Arya alias Bashyam who, without any fear for his life, climbed to the top of the flag mast in the Fort St. George to hoist the national flag after bringing down the British flag and who accomplished it and who had been imprisoned many times in the struggle for freedom, will be erected at the entrance of the Martyrs Manimandapam at Chennai.**

***138.* Priority will be given for the heirs of freedom fighters and Tamil savants, when names are sent by employment exchanges to Government departments and undertakings, for filling up job vacancies.**

THIRUVALLUVAR STATUE AT KANNNIYAKUMARI

139. I am very pleased to announce that the erection of the 133 feet high statue of the world famous Thiruvalluvar at Kanniyakumari will be completed in the next financial year at an estimated cost of Rs.8.79 crores.

WELFARE OF GOVERNMENT EMPLOYEES

140. Honourable members are aware that it was the D.M.K. Government in 1989 which introduced general parity in the pay and allowances of the State Government employees with those in the Central Government and in some cases even improved on them. As announced in the budget speech last year, Government has introduced revised Central scales of pay and pensions to State Government employees and pensioners with retrospective effect from 1.1.96 costing Rs.3,630 crores including the arrears. It may be mentioned that among the southern States, the Government of Kerala and the Government of Karnataka have extended these scales of pay to their employees only from 1.3.97 and 1.4.98 respectively and the Government of Andhra Pradesh is yet to extend the revised scales of pay to its employees.

141. On the basis of the report of the Sivasubramaniam commission, we have revised the scales of pay of teachers, office superintendents, police constables etc. In addition to this, a five percent personal pay has been sanctioned to the ministerial staff and other equivalent staff. Wages of the noon-meal employees, sanitary workers, night watchmen and pensions and family pensions of the former village officers have been increased. These measures will result in an additional expenditure of Rs.196 crores per annum to the Government.

142. Government of India has revised the scales of pay of the University and College teachers based on the recommendation of the University Grants Commission. Following this, the State Government has also decided to revise their scales of pay with effect from 1.1.96 and orders will be issued soon.

143. A sum of Rs.82.75 crores will be provided as housing loan to the Government employees in the current financial year. More funds will be allocated in the next financial year for house building advances to its employees by obtaining loans from the financial institutions like HUDCO and HDFC.

***144.* The Central Government has again increased the pensions payable to the pensioners who retired before 1.1.96 and family pensioners. It has been decided to extend the enhanced pension announced by the Central Government, to the State Government pensioners and family pensioners with effect from 1.4.99.**

145. While revising the pension for pensioners and family pensioners of the state with effect from 1.1.96, I had announced in my last budget speech that, as in the case of serving employees, 40 percent of the arrears would be paid in cash in two instalments and the remaining 60 percent would be paid after 5 years with interest. The pensioners have requested that their entire arrears be paid in cash in view of their advanced age. **After considering their request and the present financial position of the Government, it has been decided to pay 40 percent of the arrears in the next financial year and the balance 40 percent in the subsequent financial year, apart from the 20 percent already paid in this financial year.** This will result in an additional expenditure of Rs.25 crores in the next financial year and Rs.50 crores in the subsequent financial year.

ANNUAL PLAN

146. Tamilnadu is one of the few States which has been consistently achieving the approved Plan outlay every year. This has been appreciated by the Union Planning Commission. The Plan outlay of Rs.4,500 crores for this financial year will be fully achieved. After discussions with the Union Planning Commission, the Plan outlay for the next financial year has been fixed at Rs.5,250 crores. This is 17 percent more than the current year's Plan outlay.

FINANCIAL POSITION

147. When the current year's budget was presented to the House in March 1998, the estimate of revenue receipts was Rs.15039.46 crores and that of revenue expenditure was Rs.18048.04 crores. In the revised estimates for this year, revenue receipts have decreased to Rs.14198.52 crores and the revenue expenditure to Rs.17183.94 crores.

148. In the Budget Estimates for 1998-99, the overall deficit was estimated to be at Rs.876.67 crores. But in the revised estimates, this deficit has come down to Rs.235.73 crores.

149. In the Budget estimates for 1999-2000, the revenue receipts are estimated to be at Rs.15867.78 crores and revenue expenditure at Rs.18500.32 crores.

150. The overall deficit in respect of all accounts in the Budget estimates for 1999-2000 has increased to Rs.790.13 crores. It is essential to undertake suitable measures to bridge this deficit.

COMMERCIAL TAXES

151. If uniform tax rates are adopted by all States, it will be possible to encourage industry and trade and enhance the revenues of the States without competing on tax rates. Even though efforts have been made at All India level for this during the last few years, it has not been possible to arrive at a final decision on this issue. However, based on the principles set out above, it has become necessary to change the tax rates on many items in our State.

152. For the first time in the history of Tamil Nadu, pre-budget consultations were held with members of Chambers of Commerce and Industry and Trade Associations. After hearing their views and examining them in the light of the position in neighbouring Karnataka, the following changes are made in the tax rates:

* Tax on computers and peripherals is reduced from 4% to 2%. Additional sales tax on these items is withdrawn.

* Tax on uninterrupted power supply system (UPS) is reduced from 8% to 2%.

* Tax on the following items under Part D of the First Schedule, viz. electronic duplicating machines etc., (S.No.18), electronic indexing machines etc., (S.No. 19), electronic teleprinters and fax machines (S.No. 20), electronic typewriters (S.No. 21), gramaphones etc., (S.No. 26), sound recording and reproducing equipment etc., (S.No.52), television cameras etc., (S.No.58), video cassette recorders etc., (S.No.61) is reduced from 11% to 4%.

* Tax on Cellular telephones is reduced from 11% to 2%.

* Tax on cash registers, transistors etc., falling under S.No.18 and 49 of Part-C of the First Schedule is reduced from 8% to 4%.

* Tax on television sets is increased from 4% to 10%.

* Tax on bullion is reduced from 2% to 0.5%. Additional Sales Tax on this is withdrawn.

* Purchase tax on worn out or beaten jewellery is reduced from 2% to 0.5%.

* Tax on gold sold by the nominated agencies of Reserve Bank of India to exporters of gold jewellery is withdrawn. Such exporters are exempted from payment of purchase tax under Sec.7A of the TNGST Act.

* Tax on precious stones falling under S.No. 20 of Part E like dimond is reduced from 16% to 4%.

* Tax on duplicating machines etc., falling under S.No.6 of Part G is reduced from 20% to 8%.

* Tax on branded rusk is reduced from 16% to 4% on par with bread.

* Tax on compact fluorescent lamp is reduced from 16% to 2%.

* Tax on bulbs and horns fitted to all motor vehicles is reduced from 11% to 8%.

* Tax on greeting and invitation cards etc., is reduced from 11% to 8%.

* Tax on REP licences etc., trailers of power tillers, non-ferrous metal scrap, woollen hosiery and sarbaths is reduced from 11% to 4%.

* Tax on instant sambrani in the form of tablets or sticks is reduced from 11% to 1%.

* Tax on paper envelopes, teleprinter paper, typewriting paper, manifold paper, bond paper and tin container produced without the aid of power is reduced from 8% to 4%.

* Tax reduction from 8% to 2% on manmade fibres and yarn etc., is extended beyond 26.3.99 subject to the same conditions.

* Tax under Sec. 3(4) of the TNGST Act is reduced from 2% to 1%. Moreover, Form XVII required to be submitted for every month can now be submitted for every year.

* Siddha medicines, solar photovoltaic lanterns and sari falls will be exempted from tax.

* Tax exemption limit on sale of gauze and bandage cloth is raised from Rs 50 lakhs to Rs 1 crore.

* Residuary items falling under S.No.67 of Part D of the First Schedule of TNGST Act will be included along with comparable items in the appropriate parts of the appropriate schedules.

153. After examining the effects of these changes on tax revenue, if it is found after a year that the expected additional revenue has not materialised, appropriate changes in the tax rates will have to be made.

154. Tax on pan masala is increased from 30% to 40%.

155. Cigarette smoking is injurious to public health. In order to reduce the ill-effects of cigarette smoking to a large extent, it has been proposed to introduce a 5% luxury tax on luxury tobacco products like cigarettes excluding beedis as prevalent in the neighbouring States.

156. The turnover limit for registration under TNGST Act was increased from Rs 75,000/- to Rs 1,50,000/- in the last Budget. In order to make the limits for registration and assessment the same, the turnover limit for registration will be enhanced to Rs 3,00,000. It is expected that more than 20,000 small traders will be benefited.

157. The option of payment of tax at compounded rate now available to civil works contractors is being extended to all other works contractors and the compounding rate is fixed at 4% of the total contract value.

STATE EXCISE

158. Excise Duty on Indian made foreign liquor is being increased by Rs 10/- per proof litre. However, in order to check the sale of illicit liquor, excise duty will not be increased on ordinary brands of IMFL sold in 100 ml. bottles.

MOTOR VEHICLE TAX

159. The tax on Private Service Vehicles is increased from Rs 50/- per seat per quarter to Rs 75/- per seat per quarter. The tax on Maxi-Cabs is increased from the existing rate of Rs 1800/- per seat per quarter to Rs 2100/- per seat per quarter.

160. To reduce the difficulties experienced in the payment of motor vehicle tax in the Regional Transport Offices, a system was introduced last year for payment of motor vehicle tax for contract carriages along with the permit fees once in five years. Considering the good response to the system, it has been decided to extend it to goods carriages also. Payment of motor vehicle tax under this system by goods carriages will be optional.

ADDITIONAL RESOURCES

161. Without depending on taxation alone, we have identified various ways to augment the financial resources of the State. As against the loan of Rs.397 crores received from the Central Government in the last financial year out of the net small savings collections, we have obtained Rs.779 crores in this financial year. Further, we are taking efforts to increase the small savings collections in the State in order to get additional resources.

162. The State Electricity Board has raised Rs.297 crores in the current financial year from the capital market through issue of bonds. In the next financial year, it is proposed to raise more resources from the capital market for infrastructure projects.

163. It has been decided that unutilised granite leases with Tamilnadu Minerals Limited (TAMIN) will be granted through open auctions to firms capable of exploiting the reserves. By this measure, revenues of the Government from seignorage fees will increase further.

164. A large number of undervalued documents remain pending with the Special Deputy Collectors of Stamps for determination of market value. A new scheme has been introduced

from 1.3.1999 for their speedy disposal and generation of more revenue. According to this, if the executors of the documents are willing to pay before June'99, 50 percent of the difference between the amount fixed by the registration department and the amount paid by them, the documents would be returned to them. By this scheme, it is expected that revenue to the Government from stamp duties will increase considerably.

165. Action has been taken for effective collection of arrears of commercial taxes. The collection of arrears of commercial taxes, which was only Rs.43 crores in the last financial year has increased to Rs.130 crores in the current financial year upto February'99. We are also considering legislative measures to reduce the arrears of taxes. Due to pendency of appeals relating to Commercial Taxes in various appellete authorities for many years, crores of rupees of revenue are due to the Government. In order to ensure speedy collection of a large part of these arrears, we are considering introduction of a scheme in our State similar to the "Samadhan" scheme implemented by the Central Government.

166. There is scope for getting higher revenue from the exports of sandalwood from our State. We have sought the approval of the Central Government for the export of 1,500 tonnes of sandalwood per annum. Despite my taking this to the direct attention of the Prime Minister and the Central Minister concerned, approval is yet to be received. We will continue our efforts in this matter.

167. The royalty on lignite, a major mineral in our State, has not been revised since 1990. We have requested the Central Government to revise the royalty of lignite upwards, as it is a substantial source of revenue to the State Government. Central Government is yet to take a decision on this.

168. In the Governor's address, it was announced that schemes that have outlived their utility will be weeded out and beneficial schemes will be further improved and implemented with emphasis on efficiency. Accordingly, the State Planning

Commission has been asked to review the schemes implemented by various departments and give suitable recommendations.

169. After taking into account, the additional revenues of Rs.261 crores that will be mobilised through the taxation measures, the overall deficit will be Rs.529.13 crores.

Honourable Speaker Sir,

170. I express my heartfelt thanks to the Finance Secretary, Thiru. P.V.Rajaraman, I.A.S. and the government officials who performed their duties untiringly and cooperated with me fully in preparing this Budget, which seeks to meet the expectations of the people of Tamilnadu to the extent possible through unceasing efforts and for enabling this Budget to be placed in the hands of the esteemed members of the House.

171. The great revolutionary poet, Bharathidasan had asked :

When will the day come,
when I will hear others say,
that all the people of my precious Tamilnadu
are educated,
and have achieved great heights of fame
by their mastery of all fields of knowledge,
by their valour and by their love?

When will the day come,
when the libraries all over
will be enriched by works by Tamils
in Mathematics, Astronomy, Philosophy,
Science, Literature, paintings and sculptures
as wonders of the world?

When will the day come,
when I will hear the sweet song
that in the great Tamilnadu,
men and women have become equal,
drawn together by their abundant love,
like the eyes and their sight and
the flower and its fragrance?

I had mentioned in the Budget speech for 1996-97 that the measures we take and the schemes we formulate will constitute atleast, a small effort towards ushering in that day the great poet dreamt of.

I conclude my speech with an invitation to all men of integrity involved in public life to stand by me in the quest for that golden day.

VANAKKAM

M. KARUNANIDHI,
CHIEF MINISTER.

Chennai,
17th March 1999.
Panguni 3,
Thiruvalluvar Aandu 2030.